



Department of Justice

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PRESIDENT OF JACOBI INDUSTRIES PLEADS GUILTY TO BID RIGGING ON DEPARTMENT OF DEFENSE CONTRACTS

WASHINGTON —The president and owner of Jacobi Industries Inc., a Medford, N.Y. company, pleaded guilty today to conspiring to rig bids on U.S. Department of Defense (DOD) contracts for military tiedown equipment and cargo securing systems, the U.S. Department of Justice announced today. Jacobi Industries provided military tiedown equipment and cargo securing systems to DOD. These products are used to secure vehicles, aircraft, munitions, shipping containers and other specialized military cargo requirements for land, sea, and air transportation.

Roger Jacobi pleaded guilty in the U.S. District Court in Islip, N.Y. to a felony charge of bid rigging. Under the plea agreement, Jacobi has agreed to pay a criminal fine of \$20,000, and to cooperate with the Department's ongoing investigation. Jacobi could also serve up to six months in prison. The terms of the plea agreement are subject to court approval.

Jacobi participated in the bid-rigging conspiracy from November 2001 to January 2005, during which time he and co-conspirators discussed and agreed among themselves not to compete by agreeing not to submit prices or bids against each other on certain contracts.

"Today's charges demonstrate our ongoing commitment to prosecute those who deprive the U.S. military of the benefits of competitive bidding on taxpayer funded contracts," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division.

Jacobi is charged with carrying out the conspiracy with co-conspirators by:

- Attending meetings and engaging in discussions regarding the sale of military tiedown equipment and cargo securing systems;
- Agreeing during those meetings and discussions not to compete on certain contracts with the DOD by not submitting prices or bids on those contracts;
- Submitting bids in accordance with the agreements reached;
- Selling military tiedown equipment and cargo securing systems to the DOD under those agreements at collusive and non-competitive prices; and

- Accepting payment for military tiedown equipment and cargo securing systems sold at the collusive and non-competitive prices.

Jacobi is charged with bid rigging in violation of the Sherman Act, which carries a maximum sentence of 10 years of imprisonment, and a fine of \$1 million for individuals and \$100 million for corporations. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

The charge against Jacobi represents the fourth case to arise from an ongoing investigation into the military restraints industry. On July 10, 2007, Robert Fischetti, a former executive of a defense company, pleaded guilty to two counts of participating in separate conspiracies to rig bids on military tiedown equipment and cargo securing systems sold to the DOD and metal sling hoist assemblies sold to the U.S. Navy. Fischetti also pleaded guilty to a third count of soliciting and accepting a kickback in connection with one or more sub-contracts to paint, silkscreen, or otherwise finish various parts manufactured and sold to the DOD. He agreed to serve 10 months in prison and pay a \$10,000 criminal fine, subject to court approval. In February 2007, two Pennsylvania executives, Thomas Cunningham and Richard Barko, pleaded guilty to rigging bids on U.S. Navy contracts for metal sling hoist assemblies. They are currently awaiting sentencing.

The ongoing investigation is being conducted by the Antitrust Division's National Criminal Enforcement Section with the assistance of the DOD's Defense Criminal Investigative Service.

Today's charge is an example of the Department's commitment to protect U.S. taxpayers from public procurement fraud through its creation of the National Procurement Fraud Task Force. The National Procurement Fraud Initiative announced in October 2006 is designed to promote the early detection, identification, prevention and prosecution of procurement fraud associated with the increase in contracting activity for national security and other government programs.

Anyone with information concerning bid rigging or other anti-competitive conduct regarding contracts for military tiedown equipment and cargo securing systems or related products is urged to call the National Criminal Enforcement Section of the Antitrust Division at 202-307-6694 or the Long Island Office of the Defense Criminal Investigative Service at 631-420-4302.

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